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**Office Memorandum • UNITED STATES GOVERNMENT**

TO : Chief, Industrial Division, ORR

DATE: 1 October 1958

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FROM : Chief, Manufacturing Sectors Branch, D/I

SUBJECT: Monthly Report for September 1958.

1. Status of Branch Projects:

30.1535 -- Industrial Capital Investment in Communist China. A memo recommending the cancellation of this project will be forwarded within the next day or so.

- Gordon

30.1535 -- Investment in Light Industry in Communist China. I have finished reading [redacted] initial draft of this project. This was about 95% completed before he undertook the Albanian NIS assignment about 9 months ago. He feels that much of this paper is considerably outdated and will need much additional research in order to bring it up to date. As it now stands, the report is tied in with China's raw material position. The investment requirements in light industry are related to China's ability to increase the output of essential raw materials, cotton, wool, silk, oils and so forth. China's present "leap-forward" campaign complicates this report. For example, the Chinese formerly had a 1962 goal of 2.4 million tons of cotton. A recent Chinese statement claims that the 1958 cotton crop will be about 5 million tons. Under the old 1962 goal the conclusion was justified that little additional cotton textile capacity was needed. If the new Chinese claims prove correct, the old conclusion is hardly justifiable. It is difficult at this time to explain the great and sudden increase in the cotton crop.

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Nine months additional data and the complication of the "leap-forward" claims undoubtedly affect this paper. However,

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30.2043 -- Capital Investment in the Producers' Equipment Industry in Communist China. This report is coming along very well. [redacted] made some major changes in the organization as a result of my initial review of some of the preliminary material. I believe that a very good draft should be forthcoming in October or early November.

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25X1A9a 32.488 -- Industrial Investment Policy in East Germany. [redacted] has gotten back to work on this project and has made some progress. His major problem has been in having several different, and conflicting investment series. He has decided to go ahead using the series on centralized industry as this gives both gross investment and a breakdown for net investment. We feel that a definite due date commitment can be made by the end of October.

34.894 -- The Determination of Cost and Price in Soviet Machine Building. I have received a draft of [redacted] report, and hope to finish my review within the next week to 10 days. 25X1A9a

34.1928 -- European Satellite Trade in Machinery and Transport Equipment, 1950-1957. The draft of this report has been submitted to the Division. I am preparing comments for the forwarding memo to Ch/E. I feel this project is in good shape now although it would probably be possible to do a little more cutting without damage to the report. I feel this has been 25X1A9a [redacted] best work to date.

34.1930 -- Foundry Production - A Major Bottleneck in Soviet Machinery. We want to close this project out in short order. As a result of some other more pressing projects I have not gotten to work with [redacted] yet on the final wrap-up. I have had confidence that he has been exploring useful areas of research and that a worthwhile project will emerge. 25X1A9a

## 2. Status of Support Projects:

30.1830 -- NIS 13A, East Germany. [redacted] has done a very excellent job in getting his NIS underway. He has an unequalled knowledge of sources, gives excellent guidance to analysts charged with writing subsections, and has prepared several pages of format instructions for the typists. There may still be problems in meeting the due date of late December to the Division. No ERA contributions have been received (the due date was 30 September) and there will probably be delays running up to 4 or more weeks before all are received. The Service contributions, due on 15 October, will put a very heavy and concentrated load on [redacted]. He is presently working on the "A" General, however, some of this work is dependent upon receipt of the various contributions. If it becomes apparent that there is little likelihood of meeting the December due date I feel that an assistant should be assigned to help. There is an immense amount of detail work that an NIS coordinator performs that could very well be delegated to a bright junior analyst. How much of a problem we will have with this NIS actually depends on the quality of the subsections. We should get some understanding of this later in the month. 25X1A9a

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10.1803 -- Communist China Through 1963. [redacted] the Division coordinator, intends to meet with D/A this month and issue instructions to D/I analysts. Yet to be resolved is the question of the machinery index.

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3. Changes in Estimates -- No comments.

4. Relationships with Other Components -- No comments.

5. Future Plans -- The major problem confronting the branch is to complete the various research projects that are a carry-over from I/MM and I/TH. Later in the fall, I want to get an early start on research planning for next year.

6. Other Problems -- I want to emphasize once again that we are going to have an extremely heavy typing load in the immediate weeks ahead. We will undoubtedly require assistance from other typists in the division in order to complete our NIS commitments. We need an early replacement for [redacted]

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